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ONE HUNDRED TENTH CONGRESS

U.S. House of Representatives
Committee on Energy and Commerce
Washington, DC 20515-6115

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CHAIRMAN

November 19, 2008

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AND CHIEF COUNSEL

The Honorable Ben S. Bernanke
Chairman
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, D.C. 20551

Dear Chairman Bernanke:

Recent press reports indicate that the Federal Reserve is supplying \$30 billion in new lines of credit to central banks in Brazil, Mexico, South Korea and Singapore in addition to the multi-billion dollar loans already made to Australia, Canada, Denmark, England, Japan, New Zealand, Norway, Sweden, Switzerland and the European Central Bank. The stated purpose is to "improve liquidity conditions in global financial markets." Although these loans are meant to be short-term, the reality is that many of these countries may not be able to repay these loans for decades, if ever. Meanwhile, the risks to the United States include further devaluation of the dollar and a surge of inflation, including rising prices on food, energy and other essentials of daily life for American families.

Congressional oversight is essential to protect the interests of the American people. It is in this spirit we request your answers to the following questions. Given the urgency of our economic problems, we would appreciate a response by December 1, 2008.

1. To which foreign central banks has the Federal Reserve made loans and for what amounts?
2. What authority does the Federal Reserve have to make such loans to foreign central banks?
3. Why has the Federal Reserve assumed the role of world lender in lieu of the International Monetary Fund?
4. What criteria does the Federal Reserve follow for the issuance of such loans?

5. The agreements have been described as currency swap arrangements where the Federal Reserve provides U.S. dollars in exchange for foreign currency. What exactly is the collateral for such loans, and how much collateral is required in exchange for each U.S. dollar?
6. What are the credit terms attached to these loans, including repayment schedules, loan duration, and remedies or other provisions for default?
7. How would the Federal Reserve treat a default or failure to repay a loan by a foreign central bank?

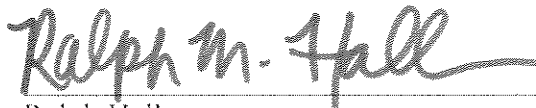
In addition to answering these questions, we request that the Federal Reserve provide a briefing for Members of Congress on this matter. Please have your staff contact the Republican office of the Committee of Energy and Commerce at (202) 225-3641 to arrange for this briefing.

Thank you for your attention to this matter.

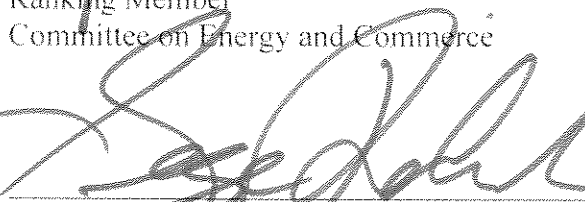
Sincerely,



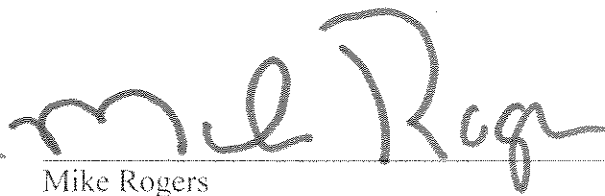
Joe Barton
Ranking Member
Committee on Energy and Commerce



Ralph Hall



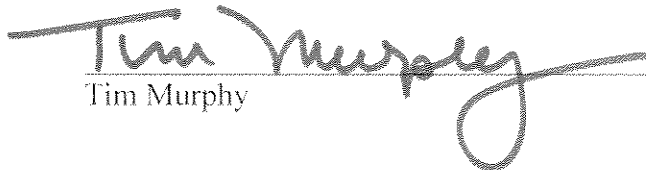
George Radanovich



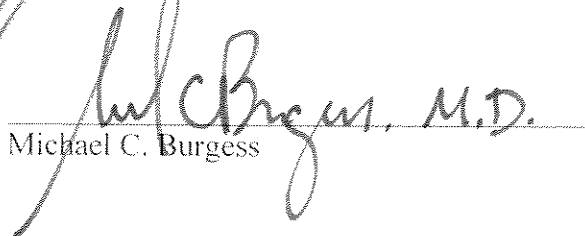
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